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Supreme Court, U.S.
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No. 00-1948

IN THE

Supreme Court of the United States

FINANCIAL SYSTEMS SOFTWARE (UK) LIMITED,

Petitioner,

v.

FINANCIAL SOFTWARE SYSTEMS, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

RESPONSE TO PETITION FOR WRIT OF CERTIORARI

JOSEPH GOLDBERG
Counsel of Record
FREDERICK T. LACHAT, JR.
MARGOLIS EDELSTEIN
4th Floor, The Curtis Center
6th and Walnut Streets
Philadelphia, PA 19106
(215) 931-5850
Attorneys for Respondent, Financial Software Systems, Inc.

Wright Appellate Services 0723
(215) 733-9870 • (800) 507-9020 • Fax (215) 733-9872

12 pp

COUNTERSTATEMENT OF QUESTIONS PRESENTED

1. SHOULD THIS COURT DENY THE PETITION FOR WRIT OF CERTIORARI WHEN THERE ARE NO COMPELLING REASONS TO GRANT THE PETITION BECAUSE THE DECISION OF THE COURT OF APPEALS DID NOT RESOLVE ANY IMPORTANT FEDERAL QUESTION IN A WAY WHICH WOULD CONFLICT WITH RELEVANT DECISIONS OF THIS COURT, OR PROVIDE ANY OTHER BASIS FOR REVIEW UNDER RULE 10?

Suggested Answer: in the Affirmative.

2. SHOULD THIS COURT DENY THE PETITION FOR WRIT OF CERTIORARI WHERE THE DISTRICT COURT AND THE COURT OF APPEALS, FOLLOWING CROSS MOTIONS FOR SUMMARY JUDGMENT, DETERMINED THAT THE RESPONDENT'S ("SOFTWARE") TRADEMARK WAS ENTITLED TO PROTECTION BECAUSE THE UNDISPUTED FACTS ESTABLISH THAT THE PETITIONER ("SYSTEMS") HAD ABANDONED ITS MARK?

Suggested Answer: in the Affirmative.

PARTIES TO THE PROCEEDING AND RULE 29.6 STATEMENT

Financial Software Systems, Inc. is the only Respondent in this proceeding. Respondent certifies pursuant to Supreme Court Rule 29.6 that it has no parent corporation, nor are there any publicly held companies owning 10% or more of its stock. Financial Systems Software (UK) Ltd. is the only Petitioner in this proceeding, and to the Respondent's knowledge, the Petitioner has no parent corporation and there are no publicly held companies owning 10% or more of the Petitioner's stock.

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REASONS FOR DENYING THE WRIT

The case under consideration is a relatively straightforward trademark dispute. The Court of Appeals upheld the ruling that SOFTWARE'S mark FSS stylized with a bell curve was entitled to trademark protection, whereas SYSTEM'S sporadic use of the initials FSS was not.

The question presented, and the manner in which it was determined, does not present the kind of compelling reasons for an exercise of this court's judicial discretion. It cannot be said that the Court of Appeals departed from any accepted or usual course of judicial proceedings, or that it sanctioned such a departure by a lower court, or that the Court of Appeals decided any important federal question which conflicts with a relevant decision of this court. Accordingly, there is no basis under Rule 10 to justify granting a Petition for Writ of Certiorari.

COUNTERSTATEMENT OF THE CASE

Despite SYSTEM'S attempt to characterize the decisions of the District Court and the Court of Appeals as "fundamentally unfair" so that the Petitioner "did not receive a hearing consonant with due process", the record demonstrates otherwise. While complaining that it was deprived of its "day in court", SYSTEMS fails to emphasize that the case was submitted to the court on cross-motions for summary judgment with detailed stipulations of fact, thereby leaving nothing for the court but to apply the law. *App.* at 48a-69a.

Since both parties agreed to submit the matter to the court on cross-motions for summary judgment, it cannot be seriously contended that SYSTEMS did not receive its "day in court" after being given the opportunity to present the case on stipulated facts, present written briefs to the court, and present oral argument to the court. This hardly sounds like the "summary adjudication" about which the Petitioner complains.

The only issue presented in the Petition is whether the District Court and the Court of Appeals incorrectly determined that SYSTEMS had abandoned a trademark in the initials FSS under Section 45 of the Lanham Act, 15 U.S.C. § 1127 (2001).

SYSTEMS concedes that the facts "are not significantly in dispute". Petition at Page 3. Indeed, the facts are not in dispute at all since the case was submitted on cross-motions for summary judgment.

Although the name of the Petitioner was changed to Financial Systems Software (UK) Limited by its owner, Dr. Mamdouh Barakat, in 1989, Dr. Barakat took no steps to register his company's name or the FSS initials as a protected trademark. Stipulation 7 and 8, *App.* at 48a. SYSTEM'S existence was unknown to SOFTWARE when SOFTWARE was incorporated on April 29, 1992. Stipulation 32, 33, *App.* at 50a. SOFTWARE adopted, and has used continuously, a distinctively stylized trademark FSS with a bell curve symbol since June 1992. Additional Stipulations 2, 13, *App.* 64a, 65a. Although Dr. Barakat became aware of SOFTWARE'S existence as early as 1992, he never objected to SOFTWARE'S use of its name or trademark, in part be-

cause Dr. Barakat doesn't like lawyers. Stipulations 43-46, *App.* at 53a. No objection was voiced by Dr. Barakat to SOFTWARE'S use of the FSS mark until August 17, 1994, despite SOFTWARE'S use of its company name and FSS logo for 1 2 to 2 years. Stipulations 61-64, *App.* at 55a).

Although SYSTEMS objected to SOFTWARE'S use of its company name and logo in 1994, SYSTEMS had in fact stopped using the FSS initials in August, 1990. This was not a casual or inadvertent occurrence, but was a deliberate decision on the part of Dr. Barakat based on the recommendations of an advertising consultant. Stipulation 16, *App.* at 49a. SYSTEMS did not resume use of the FSS initials until early 1994. This information was determined by the District Court following a careful review of the documents submitted as part of the stipulated facts. *App.* at 43a.

Moreover, in the latter part of 1994, Dr. Barakat engaged in series of transactions resulting in the assignment of the name Financial Systems Software and FSS to FNX Ltd., a competitor of SOFTWARE. FNX Ltd., through a prior contract, was obliged not to use the name Financial Software Services, or its trademarks, or any confusingly similar names. Stipulations 39, 76-83, *App.* 52a, 53a, 57a-59a. It was not until May 29, 1996 that FNX Ltd. assigned the right, title and interest in the disputed trademark back to SYSTEMS. Stipulation 102, *App.* 60a, 61a.

ARGUMENT

SOFTWARE'S trademark logo, which consists of the company name, a schematic of a normal, or bell, curve, and the company initials FSS colored in red and black, is unique

and capable of trademark protection. In contrast, the initials FSS as used sporadically by the Petitioner are not entitled to trademark protection.

A trademark is a designation used "to identify and distinguish" the goods of a person. Lanham Act, § 45, 15 U.S.C. § 1127. In order to establish the existence or ownership of a trademark, the prior user must establish more than the fact that, at some date in the past, it used a mark; rather, the prior user must establish that such use has continued to the present. *D&M Antique Import Corp. v. Royal Saxe Corp.*, 311 F.Supp. 1261 (SDNY 1969); *Community of Roquefort v. Santo,* 443 F.2d 1196 (C.C.P.A. 1971). The right to a particular mark grows out of its use, not its mere adoption, and the ownership of a mark grows out of and depends upon the continuance of use. *United Drug Co. v. Theodore Rectanus Co.,* 248 U.S. 90, 39 S.Ct. 48, 63 L.Ed. 141 (1918); *Alfred Dunhill of London v. Dunhill Tailored Clothes,* 293 F.2d 685, 692 (C.C.P.A. 1961), *cert. denied*, 396 U.S. 864 (1962).

In this case, SYSTEMS never used the FSS mark in any stylized fashion, but simply used the three capital letters together. Stipulation 14, *App.* at 49a. The undisputed evidence establishes that SYSTEMS virtually ceased using the FSS initials in 1990. This was not a matter of happenstance, but was a conscious decision on the part of Dr. Barakat to follow the recommendation of his advertising designer not to use the FSS mark. Stipulation 16, *App.* at 49a. Not even the initials FSS, much less a stylized mark incorporating the initials, were employed in SYSTEMS' advertisements from 1990 through January, 1994. Stipulation 16-18, *App.* at 49a.

The Petitioner's contention that the District Court, and the Court of Appeals, failed to apply the proper standards, or indeed any standards at all, in addressing the issue of abandonment is simply erroneous. The Court of Appeals addressed the question of whether the District Court applied the wrong legal standard for abandonment. After determining that the District Court had correctly determined that there was a complete absence of any evidence in the record to dispute the evidence of abandonment from 1991 to 1994, the court then held that it was Petitioner's burden to produce evidence sufficient to establish a jury question. *App.* at 30a.

With respect to the two-part test of non-use and intent in order to show abandonment, the Act itself provides that "non-use for two consecutive years shall be prima facie abandonment". 15 U.S.C. § 1127 (1976); *United States Jaycees v. Philadelphia Jaycees,* 639 F.2d 134, 138 (3d Cir. 1981). In the absence of some evidence offered by SYSTEMS to rebut the prima facie case, the Court of Appeals correctly determined that it was not SOFTWARE'S burden to prove intent. Petitioner's problem arises not from the alleged failure of the District Court and the Court of Appeals to apply the appropriate standard, but from the standard as set forth in the Lanham Act allowing non-use for two consecutive years to be prima facie evidence of abandonment.

Although the Petitioner has tried to characterize the decision of the Court of Appeals as arising to an unconstitutional deprivation of property without due process, the Court of Appeals recognized that due process can be violated if juries are permitted to engage in speculation without factual support. The Court of Appeals correctly concluded that:

> [t]here is simply no way a reasonable jury could do anything more than speculate that SYSTEMS' intent was to develop and maintain the "FSS" mark as a viable and lasting trademark. SYSTEMS never attempted to stylize the mark in any significant fashion (other than occasionally displaying the initials diagonally on a grid); it made a documented decision to replace the mark with the company's full name in many, if not all, of its advertisements, and it assigned the mark to a company that was contractually bound not to use marks similar to those of SOFTWARE. This is all in marked contrast to SOFTWARE's actions, which consistently evidence an intent to adopt and continually use the same mark. SOFTWARE designed a logo incorporating a normal curve in addition to its "FSS" initials and it has used this logo without interruption.

App. at 31a, 32a.

CONCLUSION

The Petitioner has presented no compelling reason why this court should grant a Writ of Certiorari. No important question of federal law or divergence of judicial opinion which would justify review is before the Court. The Court of Appeals correctly applied the law to the stipulated facts presented by the parties on their cross-motions for summary judgment, and there is no basis, constitutional or otherwise, for further review.

WHEREFORE, respondent, Financial Software Systems, Inc. requests that this Honorable Court deny the Petition for Writ of Certiorari.

Respectfully submitted,

JOSEPH GOLDBERG
Counsel of Record
FREDERICK T. LACHAT, JR.
MARGOLIS EDELSTEIN
4th Floor The Curtis Center
6th and Walnut Streets
Philadelphia, PA 19106
(215) 931-5850
Attorneys for Respondent,
Financial Software Systems,
Inc.